



THE COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF PUBLIC UTILITIES

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July 25, 2008

To: Service List

Re: DOER Request to Increase Funding for Residential Efficiency Programs

Dear Service List:

On July 16, 2008, the Department of Energy Resources ("DOER") filed a letter with the Department of Public Utilities ("Department") requesting that the Department consider an immediate increase in funding for energy efficiency programs targeted at residential heating end-uses, stating that "we must do all we can to help residents cope with what will likely be high heating bills this winter." The Department agrees that there is an urgent need to expand funding for existing residential gas and electric efficiency programs in order to respond to the potential for very high heating costs in the coming months.

Accordingly, the Department proposes to require that all energy efficiency Program Administrators increase spending for residential heating programs effective as soon as feasible, and covering the 2008 winter season.¹ To provide us with information to assess the appropriate level of increased spending and associated issues, the Department directs each Program Administrator to submit a proposal, on or before **September 1, 2008**, that includes revised 2008 program budgets that will allow for the implementation of the maximum achievable level of cost-effective expenditures on residential heating programs for the remainder of 2008. Each of the companies' proposals should include the following information:

¹ The Department is proposing to limit the funding increases to residential and low-income programs at this time, in order to focus on the social costs and health risks associated with potential for increasing failure of residential customers to meet their winter heating needs.

- the energy efficiency programs that are targeted at residential heating end-uses;
- the additional dollars the company projects it can spend in a cost-effective manner;
- the constraints that limit the additional dollars the company projects it could spend cost-effectively;
- the additional number of residential customers that will be served;
- the additional kilowatt-hour, kilowatt, therms or mmbtu savings that will be achieved;
- the dollar savings on monthly bills that additional participants will be expected to realize;
- the effect on the cost-effectiveness of the applicable programs; and
- the company's proposed mechanism for recovery of incremental expenditures.

The Department seeks comments on the proposal to increase spending on residential heating programs for the remainder of 2008. Comments should be filed on or before **Friday, August 13, 2008.**² In addition, the Department will meet with program administrators and other interested persons to discuss these issues at **2:00 p.m. on July 29, 2008** (following the close of the avoided cost study technical conference) at the Department's offices, One

² All documents should be filed with Mary Cottrell, Secretary, Department of Public Utilities, One South Station, Boston, MA 02110. In addition, all documents should also be submitted to the Department in electronic format using one of the following methods: (1) by e-mail attachment to dpu.efiling@state.ma.us and the hearing officer [benjamin.spruill@state.ma.us]; or (2) on a 3.5" disk or CD-ROM. The text of the e-mail, disk label, or CD-ROM must specify: (1) the subject matter of the filing (e.g., Increased Funding for Residential Heating Programs); (2) the name of the person or company submitting the filing; and (3) a brief descriptive title of the document. The electronic filing should also include the name, title, and telephone number of a person to contact in the event of questions about the filing. Text responses should be created in either Corel WordPerfect, Microsoft Word, or Adobe Acrobat (version 7 or higher). Data or spreadsheet responses should be compatible with Microsoft Excel (version 2000). The Department strongly encourages filers to avoid submitting scanned files but will accept them for posting when an alternative version does not exist in electronic format. In addition, if the petitioner, applicant, or any other participant has already filed a document relevant to this proceeding, such as the initial petition, application, or filing, without providing an electronic copy of that document, such entity is directed to do so in compliance with the above electronic filing requirements as soon as practicable. All documents submitted in electronic format will be posted on the Department's website: <http://www.mass.gov/dpu>.

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South Station, Boston, Massachusetts 02110. If you have any questions regarding this matter, please contact Benjamin Spruill, Hearing Officer, at 617-305-3735 or benjamin.spruill@state.ma.us.

/s/

Paul J. Hibbard, Chairman

/s/

W. Robert Keating, Commissioner

/s/

Tim Woolf, Commissioner

cc: Attached Service List